Transnational Entrepreneurs and Drug War Violence Between Ciudad Juárez and El Paso

Maria Cristina Morales, Pamela Prieto and Cynthia Bejarano
Introduction

1 On October 8, 2009, Rocio Casandra Heras Caballero and Humberto Caballero Moreno, the children of two prominent restaurateurs, were killed at La Cantera entertainment district in Ciudad Juárez (Flores 2009). They were the first to be killed in this popular district and were relatives to well-known business owners in Ciudad Juárez in Mexico and El Paso in the United States. Like so many other violent cases, the threat of violence and its unpredictability loomed over most Juarenses, but for Mexican business owners and their families, the violence marked an inevitability that often materialized as pagando la cuota (paying the extortion fee), and as this example exemplifies, the possibility of death.

2 We begin our article with this story to illustrate the climate of violence that saturated daily living for people in the Ciudad Juárez borderlands region. This article will explore the reasons behind the relocation of Mexican business owners on this part of the Mexican-U.S. border to El Paso. We chronicle their geo-economic movement and adjustment strategies in response to the 2008 economic downturn impacting their businesses, and describe the crimes, violence, and general insecurity that enveloped them due to the Mexican Drug War.

3 Central to this article are the Mexican business elites (Morales et al. 2013) that migrated to the U.S. with business investor visas, as well as the owners of “refugee businesses” that moved from the urban center of Ciudad Juárez to El Paso. An estimated 10,000 businesses closed in Ciudad Juárez from 2007 to 2011 as a result of the drug war violence in Mexico; many chose to re-establish their businesses in the U.S. The number of business and investor visas given to Mexicans by the U.S. government after the Drug War began was 31,068, compared with 7,603 visas granted to Mexicans between 2001 and 2005 (Martinez
et al. 2011, Morales et al. 2013). We argue that this migration stream to the U.S. is unique because it represents an urbanite elite not typically represented in Mexican diaspora populations. Most of the literature on the migratory patterns to the U.S. has focused on rural and impoverished Mexicans; less is written about the migration of more economically established Mexicans from urban areas (for exceptions see Hernández-León 2008 and Morales et al. 2013).

This case study is grounded on surveys collected from business owners who are members of the organization La Red (The Network in Spanish) comprised mainly of Ciudad Juárez business owners who re-established their livelihoods in El Paso. Based on close-ended and open-ended questions, members of La Red shared their reasons for moving their families and/or their business operations to the U.S. We use our survey data to explore the cross-border displacement of businesses pushed by specific conditions of violence that dovetailed with the economic recession occurring globally, and explore the consequent strategies employed by Ciudad Juárez business owners for their survival.

### The Drug War and the Exodus from Ciudad Juárez

Although Mexico has witnessed many incidents of violence in its history, the Drug War ignited socio-cultural, economic and political changes. Many families immigrated to the U.S. in search of new beginnings where the fear of narcoviolencia was not constant (Morales et al. 2013). Journalists, politicians, and even law enforcement agents also sought political asylum in the U.S. because of cartel threats (Sheridan 2011). Yet, the U.S. largely failed to grant political asylum or refugee status to several Mexicans escaping the violence, leading to a situation that Morales et al. (2013: 88) call “refugees without status”. Many families fled Mexico because the violence seemed to worsen every day and Mexican entrepreneurs decided to move to the U.S.

In Ciudad Juárez, approximately 3,075 people were killed in drug-related incidents in 2010 and over 13,000 have died since the Drug War began in 2006 (Villagran 2014). As Mexican drug cartels battled for ownership of drug trafficking corridors into the U.S., the massive departure of people from Mexico increased (Campbell 2009, Bejarano et al. 2012, Morales et al. 2013, Payan 2013). By 2008, between 30,000 to 125,000 expatriated Juarenses moved to El Paso and established their homes and businesses there; one in four dwellings in Ciudad Juárez were vacated (Martinez et al. 2011, O’Rourke and Byrd 2011). Street-level violence also exacerbated this exodus since the Drug War triggered further possibilities for crime.

A concentrated number of the thousands murdered across the country were in Ciudad Juárez, which had the reputation of being one of the most dangerous cities in the world with one of the highest rates of murders in the country (Mora 2009, Miglierini 2010). There were roughly 6.6 murders per day in a city of 1.1 million people (El Fronterizo 2011). Because of the large-scale violence, the Mexican government deployed thousands of troops to numerous cities. The initiative in Chihuahua was called Operativo Conjunto Chihuahua, a military strategy to secure the state against the cartels. The violence worsened under the army’s presence while they remained in the city until 2012; hundreds of human rights allegations were brought forward by civilians (Meyer et al. 2010). Federal police also arrived to northern Mexican border cities, although their presence and effectiveness remain dubious.
Both push and pull factors (the violence in Mexico and people fleeing this violence) represented devastating blows to the Mexican economy. Despite the return of some Juarenses to Ciudad Juárez and the revitalization of key urban centers that re-opened restaurants and popular nightlife venues after 2012, sociologist Alberto Ochoa-Zezzatti from the Autonomous University of Ciudad Juárez claims that roughly 450,000 people left the city from 2007 to 2011 and that only slightly more than 20% of these individuals might return (Cave 2013).

Mexican society was tragically affected by the strategies that President Calderon implemented in 2006. Statistics have varied wildly over the death toll from this drug war. According to the Mexican census, the war against the cartels resulted in approximately 67,050 deaths from 2007 to 2010 country wide (Cave 2012), but the Mexican Attorney General’s office claims that as of January 2012, 47,515 people were killed in drug-related violence since 2006 (Cave 2012). When considering this level of carnage, numbers are only approximations due to the very few actual investigations into crimes by the Mexican government. Indeed, it is commonly understood among border residents that 97% of crimes go unresolved throughout Mexico. Although many people killed were involved in the drug trade, significant proportions killed were simply at the wrong place at the wrong time (Herrera Robles 2010). There were 7,479 violent homicides in Ciudad Juárez from 2006 to 2010, and 6,254 homicides from 2010 to 2013. The year 2010 saw the highest homicide rate at 3,075 (Villagran 2014). As a consequence, 230,000 people fled Ciudad Juárez according to the Security and Civic Culture Observatory based in that city (Sheridan 2011).

As Mexican citizens started to protest the violence and people continued to flee the city, many scholars and journalists questioned the government’s ability to contain and control the violence. Even U.S. officials expressed concerns that a “narco state was emerging in Mexico as either a parallel version of the official state, or as the force behind the actual governance structure” (Wright 2011: 721). Mexican government officials argued forcefully against these claims and fervently asserted that the violence was narcoviolencia perpetrated by criminals against other criminals and not innocent people (Wright 2011). Yet, everyday people fell victims to extortion, random and targeted kidnappings and street-level violence. Local business people were some of the hardest hit victims.

The 2008 Economic Downturn

Not only was Mexico impacted by the catastrophic events of the Drug War, it was also negatively affected by an electoral crisis and a destabilizing economy (The Economist 2009). For some, the crumbling economy compounded the already dangerous conditions that people were living in during the Mexican Drug War period. The interlocking of violence from the Drug War and feuding cartels, and the fear of local street level crime and kidnappings exacerbated the low client turnout to local Ciudad Juárez businesses that generated little to no economic growth. The military presence and makeshift military checkpoints also steered people away from everyday shopping and living.

Many U.S. investors pulled money out of Mexico fearing a larger economic downturn throughout Mexico or that drug cartels would take over their businesses. Finance Minister Agustin Carstens said: “The issue of security has effected economic growth in Mexico... If we could resolve this issue, it could give the economy an extra shine of at least...”
1 percent” (Emmott 2009: 1). However, the Mexican government claimed that the economy would shrink 2.8 percent leading to a recession, since the U.S. demand for Mexican exports dropped, as well as the domestic demand of products which also fell. Since foreign investors were leery of investing in Mexico, and the U.S. was not demanding Mexican products like it used to, job creation in Mexico plunged. According to Jorge Pedroza, the director of the Maquiladora Association in Ciudad Juárez, “There are U.S. companies that have held back new product lines that were due to be installed in our assembly-for-export factories this year” (Emmott 2009: 1).

Compounding these factors were the weekly or monthly cuotas (bribes) that many businesses paid throughout Mexico to remain open or to simply remain alive. One Monterrey bar owner claimed, “They demand that you pay into a bank account or they’ll kill you” (Emmott 2009: 1). Paying cuotas to street level gangs or cartels had a tremendous effect on businesses in Mexico, since businesses were forced out of the market because they did not generate sufficient revenue to cover their expenses and could not afford paying “protection” money to cartels. A Ciudad Juárez group representing companies ranging from law firms to pharmacy chains stated that in 2008, roughly 4,500 businesses went bankrupt in the State of Chihuahua because of extortion (Emmott 2009).

Mexican clientele were also affected by the businesses that closed, since they had fewer options of where to shop. Remaining businesses were forced to increase their prices since they had less business and a greater loss of revenue. Acquiring goods and services was more limited than before for clients. As long as organized crime remains a key feature of Mexico’s economic landscape, the country will not be able to achieve its economic potential, capping growth rates around the 3.0% level for the remainder of a 10-year forecast (Latin America Monitor 2010).

Organized crime syndicates exacerbated the Mexican economy causing a loss of revenue, business closures and loss of life. Growing evidence suggests that the increased violence in Mexico is having a damaging impact on the foreign investment sector, since violence is frightening off investors in places once considered safe havens for foreign multinationals. Although Ciudad Juárez is the main focus of this article, other Northern Mexico regions were hard hit by cartel violence like Monterrey and Nuevo Laredo (see Conger 2014).

Cross-border Externalities: The U.S. Borderlands and Northern Mexico

In economics, an externality is the cost or benefit that affects a party who did not choose to incur that cost or benefit (Buchanan and Stubblebine 1962). Cross-border externalities as a conceptual framework helps describe what occurred in the El Paso-Ciudad Juárez region due to drug war violence and the economic recession. According to Kanbur (2001: 3), “A cross-border externality occurs when actions of one country have consequences for another, unmediated by classically competitive markets”, for example when a financial crisis or a civil war spread across national boundaries.

Businesses are also the recipients of negative externalities. As the Institute for Economics & Peace (IEP 2014: 9) argues, “there is strong evidence to suggest that violence and the fear of violence can fundamentally alter the incentives faced by business”. An analysis of 730 business ventures in Colombia from 1997 to 2001 found that new ventures were less likely to survive in the context of high violence, meaning that greater levels of violence
are associated with lower levels of employment and economic productivity over the long-
term, curtailing the creation of new employment and long-term investments (Hiatt and
Sine 2013).

18 Cross-border externalities have differential impact depending on the power of the nation
state. On the U.S. side of the border, a positive externality is the economic contribution of
the Mexican enterprises. When the Mexican entrepreneurs moved themselves and/or
their businesses to El Paso, it offered a much needed economic boost to this city. For
instance, upscale dance clubs and restaurants moved from Ciudad Juárez to El Paso and
400 new small businesses were generated in El Paso, which brought five to ten job
opportunities with them (Grissom 2010). Yet, for Ciudad Juárez this externality is
negative, socially and economically, as it resulted in people seeking a new life elsewhere.

The Establishment of La Red

19 Several Juarenses chose El Paso as their destination, and the business network, La Red,
worked to make seamless transitions for fellow compatriots. In many ways, La Red
worked as “a regional institution as primarily dealing with cross-border problems in their
regions” (Kanbur 2001: 12). Due to the U.S. borderlands’ location and continued growing
economy, this region was the first and most viable option for many Mexicans to seek
refuge. According to Sheridan (2011: 1), “for years, national security experts have warned
that Mexico’s drug violence could send a wave of refugees fleeing to the United States”.
These are not disenfranchised economic refugees, but economic refugees with wealth
who drive BMWs and buy half a million dollar homes in cities like El Paso. At minimum,
these “refugees” were able to resettle in the U.S. with little economic difficulty, unlike
most newcomers that do not have extensive resources.

20 Although this article focuses on the Ciudad Juárez-El Paso region, similar occurrences
took place elsewhere along the borderlands region. In San Antonio, Texas, for instance,
private jet flights between the U.S. and Mexico nearly doubled between 2008 and 2010
(Sheridan 2011). Many people commuted to Mexico each month, week or even daily to
check on their businesses. The main reason is, as one entrepreneur said, “We can’t
dismantle our business in Mexico. People depend on us for their jobs” (Sheridan 2011: 2).
This cross-border business movement made business associations like La Red popular
because entrepreneurs sought support groups that shared their values. Associations also
served as an outlet to commiserate with other business owners’ on their financial
situations. In San Antonio, the Mexican Entrepreneurs Association, that was founded 15
years ago, grew exponentially from a few members to 200 (Sheridan 2011). Similarly, La
Red in El Paso grew quickly in membership and notoriety.

21 La Red’s aim was to gather Mexican and American business people willing to invest in the
local economy that had resettled from Ciudad Juárez to El Paso. La Red welcomed
individuals who shared similar characteristics and experiences, and offered members
opportunities to establish networks and to grow as entrepreneurs. According to its
website, La Red’s mission statement is: “To gather Mexican-American leaders to achieve
economic and political success by promoting and preserving our values and cultures”
(our translation). Moreover, La Red sought to provide legal advice to people looking to
invest in new businesses in the United States, to deal with immigration agencies, and to
decrease the anti-Mexican sentiment that is spreading throughout the U.S., partly as a
result of a backlash of the immigration debate (Gómez Licón 2010).
Data and Methods

This research consists of surveying members of La Red (N=35). Initial contact with the organization’s president was made via the web to propose the research project. La Red is composed of approximately 80 members who convene every other Thursday to hold a meeting in regards to the operation of their organization. Data collection occurred at one of regularly scheduled breakfast meetings where members gather. The purpose of the study was shared with the members at this point. This preliminary visit was followed up with a second visit. On the survey collection day, there were 58 members present (December 15, 2011). Before distributing the surveys, informed consent form was read aloud which included the description of the study, confidentiality issues, benefits, risks and the voluntary nature of their participation. We then answered any questions that the members had before administering the surveys and exiting the room while they completed the surveys. The president of La Red and one of the members helped distribute the surveys and collect them after they were completed. Of the surveys that were distributed to all 58 members, only 35 members completed the survey. This resulted in a response rate of 60% percent.

The surveys consisted of 30 open-ended and close-ended questions that were divided into four sections: demographics, business experience, immigration, and questions on the organization itself. A mix of multiple choice questions and open-ended questions were used. The surveys were completed anonymously and each person took approximately 20 to 30 minutes to complete them. Surveys were offered in English and Spanish, although all members preferred filling out Spanish surveys.

For the purposes of this paper, we focused on the nationality of the members, on the events that caused them to make the decision to transfer their business to the United States, and on whether their business had directly been affected by violence, for example, by robberies, extortions, and threats. In order to develop a typology, we asked re-established entrepreneurs whether they had relocated their business to the United States or started a new business after they decided to live in the United States. As for transnational entrepreneurs, we asked them whether they had maintained their business in Mexico or put another person in charge. Displaced entrepreneurs were asked if they had closed or sold their business.

Respondent Demographics and Social Characteristics

In this section, we provide the demographic background of the respondents. About twice as many men (N=24) participated in the study than women (N=11), which is reflective of La Red’s membership. The average age of respondents was 50 years old, which is expected given that the survey represents established business owners. Over half of the respondents are Mexican nationals (N=20), about 29 percent of respondents’ national-origin is from the U.S. (N=10), nine percent reported their national-origin as both U.S. and Mexican (N=3), and one person is from Canada.

As a testament to the human capital of the respondents, the majority had a bachelor’s degree (57%), followed by masters and doctoral degrees (29%), and lastly a high school degree (11%). These levels of educational attainment are not only high according to U.S.
standards, but they are particularly high in a developing nation such as Mexico, where postsecondary education costs can be exorbitant. According to the Mexican National Institute of Statistics and Geography (INEGI 2014), 20% of people in the State of Chihuahua had the equivalent of a high school diploma and 17% of people had a bachelor’s degree in 2010. The salaries that they stated they received based on their survey responses ranged from less than $1,000 dollars per month to $50,000 per month. Of the 35 participants, ten did not answer this question, one answered that he earned less than $1,000 or less per month, nine stated that they earned between $1,001 and $5,000 dollars, five earned between $5,001 and $10,000, one earned between $21,001 and $30,000, two earned between $30,000 and $50,000 and six participants answered that they earned more than $50,000 per month.

Survey Findings

In order to get a better sense about the negative externalities that pushed entrepreneurs out of Ciudad Juárez, we begin with a typology of the entrepreneurs that are a part of La Red. As mentioned earlier, more than 10,000 businesses have closed in Ciudad Juárez since 2009 according to the Mexican Chamber of Commerce (Gómez Licón 2010). Several La Red members transitioned their businesses and families to El Paso. Some kept their businesses in Ciudad Juárez, but operated them from El Paso to avoid the risk of living in Ciudad Juárez. Others moved to the U.S. but kept their businesses opened, and still others closed their businesses entirely in pursuit of other ventures.

To mirror these various patterns of mobility and integration into the U.S., we categorize entrepreneurs along three categories: 1) re-established business owners who closed their businesses in Mexico and relocated them to the U.S., 2) transnational entrepreneurs who maintained their businesses in Mexico and are living in the U.S., and 3) displaced entrepreneurs who closed their business in Mexico and did not re-establish them in the U.S. The majority of our respondents (59%) are transnational entrepreneurs with businesses in Mexico and living in the U.S., followed by 19% of Mexican business owners that re-established their businesses in the U.S., and 22% of displaced entrepreneurs.

The next question that arises is whether the entrepreneurs’ nationality either impeded or facilitated their migration and that of their businesses. At the U.S.-Mexico border, it is not uncommon for U.S. citizens to be living on the Mexican side of the border. Indeed, at the height of the drug war violence in Ciudad Juárez, El Paso experienced a migratory flow from U.S. citizens that were residing in the Mexican side of the border (Morales et al. 2013). Thus, we expected that the out-migration of Mexican entrepreneurs and re-establishment of their businesses would be facilitated by their U.S. nationality or citizenship status, yet there are no clear indications of this.

Figure 1 shows the entrepreneurial paths after migration by nationality or citizenship status. Among those who closed their businesses in Mexico and relocated them in the U.S., half are Mexican and half are U.S. nationals. Thus, citizenship does not appear to be a factor determining migratory move of this group of entrepreneurs. The transnational entrepreneurs are mostly Mexican (69%) whereas the majority of displaced entrepreneurs are Mexican (50%), followed by Americans (33%) and dual citizens (17%). Thus, having U.S. citizenship does not seem to play a prominent role in the migration of Mexican entrepreneurs to El Paso.
When asked about the primary event that occurred in Mexico that caused the entrepreneurs to relocate to the U.S., there are some interesting variations among the different groups of business people.

Figure 2 shows that, among the re-established entrepreneurs, reasons for relocating to the U.S. range from negative externalities, such as a depreciating Mexican economy and threats of violence, to opportunities in the U.S. Transnational entrepreneurs, however, deviate from the other groups. In particular, 58% of transnational entrepreneurs moved to El Paso because of the violence and half as many (25%) moved to pursue business opportunities in the U.S. In particular, transnational entrepreneurs noted the primary reason for wanting to leave Mexico as insecurity, insecurity and corruption, attempt and extortion and to a lesser extent others noted economic progress, investment, and better opportunities. In contrast, all of the displaced entrepreneurs that closed their businesses in Mexico and moved to the U.S. attributed their migratory move to the depreciating Mexican economy.
The open-ended responses revealed some of the intricacies associated with why the entrepreneurs relocated from Ciudad Juárez to El Paso. The responses presented in Table 1 highlight the negative border externalities such as violence and insecurity, labor market displacement, and the interlocking of both of these factors that pushed the Mexican entrepreneurs out of their sending community. Interestingly, only the transnational entrepreneurs answered the open-ended question to elaborate a bit more on their reasons for migrating to the U.S. To begin with, the transnational entrepreneurs had been directly victimized. For instance, in the first quote, the entrepreneur had two of his sons and his wife kidnapped and held for ransom and had also been threatened with his own kidnapping as a way to extort him for money. In another example, the entrepreneur was threatened by Los Zetas, one of the most powerful cartels. Yet, there are other entrepreneurs who attribute their out-migration to El Paso to the diminishing labor market in Ciudad Juárez. Businesses were forced to shut down due to small profit margins with people minimizing their shopping, while other Juarenses fled the city, and the decrease in cliental from the U.S. side of the border.

Table 1. Reasons for Out-Migration from Mexico to the U.S. among Transnational Entrepreneurs

<table>
<thead>
<tr>
<th>Violence and Insecurity</th>
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<tbody>
<tr>
<td>“In June of 2008 my oldest son was the victim of a rapid kidnapping [aimed at extorting as much funds as possible from the victim and their families]. In December 2008, they attempted to kidnap my wife and youngest son and they attempted to extort me for money so that they would not kidnap me.”</td>
</tr>
<tr>
<td>“We received a call from Los Zetas [an organized crime organization associated with the Drug War].”</td>
</tr>
</tbody>
</table>
Mexican Economy

“The activities diminished, so I closed my businesses.”
“Prices and billing diminished due to the lack of a market.”

“Economic activity diminished.”

Interlocking of Violence and Mexican Economy

“Extortion”
“Problems with extortions”

“They were asking for a monthly quota and we did not obey, so we closed temporarily and re-opened later.”
“You pay a quota in order to stay open.”

SOURCE: AUTHORS.

Still other transnational entrepreneurs illustrate one of the ways that violence and labor markets interlock to create negative externalities for the Mexican entrepreneurs. They reported being extorted for money where they had to pay monthly quotas to criminal entities in order to keep their businesses open. As such, violence interlocks with labor markets since it is common for criminals to physically threaten business owners and their families and extort them for money for their own safety and to maintain their businesses open. The closing of businesses then has further consequences for labor market stability via employment and consumerism. Street level gangs and kidnapping bands also peaked during this period. Very quickly, legitimate businesses experienced a financial pinch from the global economic downturn along with the local threat of violence and insecurity from the Drug War that created an aperture for more everyday crimes. Authorities subsequently responded with little gumption to resolve such overwhelming crime.

Discussion and Conclusion

This case study resulted in a border market typology to examine the mobility and integration patterns of Mexican entrepreneurs who relocated to the U.S. borderlands. Based on survey data administered to 35 Mexican entrepreneurs residing along the Mexico-U.S. border, we illustrate the negative externalities of the global drug market on the business men and women of Ciudad Juárez.

We began by presenting a profile of Ciudad Juárez entrepreneurs and their recent business experiences in order to better understand their migratory movement from Ciudad Juárez to El Paso. This movement led to business and economic shifts that formed the basis of our typology with three entrepreneurial categories. These categories illustrate cross-border externalities that resulted in business owners employing various adjustment strategies during the escalating drug war violence and burgeoning economic climate plaguing Ciudad Juárez for their survival. The first category is what we call the re-established entrepreneurs that migrated and closed their businesses in Ciudad Juárez and re-opened them in El Paso. The second category are the transnational entrepreneurs
who kept their businesses in Ciudad Juárez but reside in the U.S. This group of entrepreneurs regularly crossed the international port of entry to manage their businesses in Ciudad Juárez. The third group is what we called the displaced entrepreneurs. Structural economic conditions forced them to close their businesses in Ciudad Juárez and financial hardships prevented them from establishing a business in the U.S. These profiles illustrate the differential effects of violence and economic displacement on entrepreneurship in Mexico and the different paths of incorporation into the El Paso economy.

Next, we examined the assumption that out-migration of entrepreneurs from Ciudad Juárez to El Paso would be shaped by nationality. Although we did not find any indications that being a U.S. national was a motivating factor for migrating to El Paso among Juarense entrepreneurs, we found that most of our respondents are transnational entrepreneurs that are largely Mexican nationals.

While we would need more data to examine the role of nationality more fully, the structural political-economic context along the border helps to explain why U.S. nationality is not the driving force behind migrating to El Paso. In particular, during this time period the U.S. was undergoing an economic crisis, with some concerns that the U.S. was approaching an economic recession. El Paso, on the other hand, deviated from much of those concerns surrounding the national economy in large part due to the Mexican businesses that relocated to this region (Morales et al. 2013). While negative externalities associated with the interlocking of violence and a failing economy largely displaced the Mexican entrepreneurs, on the U.S. side of the border the relaxed requirements for investor visas encouraged their settlement in Ciudad Juárez’s sister city of El Paso. The financial standards for business visas (E1) were reduced to $100,000 to attract this border market resulting in about a 6 percent rise in E1s since former Mexican President Calderón declared the War on Drugs in 2006 (Morales et al. 2013). The negative externalities in Mexico and the structural adjustments in the U.S. then resulted in about 400 new businesses in El Paso (Morales et al. 2013). Thus, cross-border externalities resulted in entrepreneurs being uprooted from Ciudad Juárez, which led to the survival of some of their businesses in El Paso that changed the social, political and economic landscapes of this border region.

Subsequently, we explored the reasons why entrepreneurs from Ciudad Juárez relocated to El Paso. As we anticipated, the out-migration from Ciudad Juárez among all categories of entrepreneurs was largely attributed to the negative externalities of a collapsed Mexican economy and due to violence and insecurity. The re-established entrepreneurs, however, indicated a greater variety of reasons including a collapsed Mexican economy, violence and insecurity, and to pursue promising business opportunities. The transnational entrepreneurs, on the other hand, overwhelmingly left Ciudad Juárez due to the violence and insecurity and to a lesser extent to pursue business opportunities in El Paso. Most of the members of this group of entrepreneurs fled Ciudad Juárez due to extortion, other threats to their businesses, and even threats of kidnapping and actual kidnapping of their family members. Lastly, the primary reason for migrating out of Ciudad Juárez for the displaced entrepreneurs is attributed to the collapse of the Ciudad Juárez economy that resulted in a loss of clients and revenues. Indeed, we called this group the displaced entrepreneurs being that the economic impact in Ciudad Juárez devastated their businesses preventing them from re-establishing a new business venture on the U.S. side of the border.
Future research should seek to employ larger representative samples from entrepreneurs that are migrating out of Ciudad Juárez and other regions in Mexico in an attempt to recover from the effects of the Drug War. Moreover, on the U.S. side of the border, it would be fruitful to examine how integration into the U.S. economy varies along several places on the U.S.-Mexican borderlands. This will allow scholars to better assess cross-border externalities and how they are shaping border labor markets. Lastly, more extensive data should be gathered to conduct a longitudinal study to determine whether this migratory pattern is temporary or whether it is associated with long term settlement patterns in the U.S.

In sum, our paper shows that the interlocking of violence, crime, and the economic recession coalesced in the Ciudad Juárez-El Paso region, resulting in cross-border externalities that shaped a new border market. Within this context, the El Paso border region received an exodus of entrepreneurs from Ciudad Juárez fleeing the ‘spillover effects’ of its drug war, which positively impacted the financial situation for El Pasoans. In Ciudad Juárez, the financial contagion locally was a devastating blow with businesses closing, as in the case of re-established entrepreneurs and the displaced entrepreneurs in this study, because of direct and indirect consequences of violence, and the recession that worked combatively to displace business owners and their families.

BIBLIOGRAPHY


NOTES

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ABSTRACTS

The Mexico-U.S. border was disproportionately impacted by the 2006 drug war violence and the 2008 global economic downturn that affected borderlands regions like Ciudad Juárez in Mexico and El Paso in the United States. This article explores the negative cross-border externalities associated with drug war violence, crime, and the economic downturn in Ciudad Juárez that interlocked to force entrepreneurs to migrate to El Paso, U.S. The data for this study is based on survey data (N= 35) collected from members of La Red, a network of Mexican and American business people investing in the El Paso economy who resettled in this region. Findings illustrate that transnational entrepreneurs were impacted by the negative externalities associated with the interlocking of violence and depreciating labor markets. In conclusion we argue that this migratory flow of Mexican entrepreneurs to the U.S. created a new border market.

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Keywords: Mexican business owners, migration, La Red, economic downturn, drug war violence, Mexico-U.S. border, border markets, cross-border externalities

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